

# Insure Montana

## 2008 Producer Resource Manual

### **Insure Montana Background: Program Overview**

Montana is a small business state, with most companies employing fewer than 10 employees. Yet one in five Montanans do not have health insurance, even though more than half of the uninsured work for small businesses. Many small businesses just can't afford to provide insurance to their employees. They simply don't have enough employees to seek competitive rates. Based on recent statistics, 53% of Montana's uninsured population works full time for small businesses and 80% of small firms not currently offering insurance would do so if they could afford the premiums. This new program helps provide health insurance for those small businesses.

Insure Montana was enabled by the Small Business Health Care Affordability act (H.B. 667) requested jointly by State Auditor John Morrison and Governor Brian Schweitzer in the 2005 legislative session. The measure, sponsored by Representative Dave Wanzon, passed the legislature with strong support from both parties and was signed into law in May of 2005. As a result of this new law, tax credits and premium payments help small business owners provide health insurance to their employees. In addition, the initiative allows small businesses to band together to form a purchasing pool.

Funded by a \$1 per pack cigarette tax passed by voters in the fall of 2004, the program was allocated \$13 million for the first two years. Cigarette taxes generate approximately \$70 million annually in Montana. The application period for Insure Montana opened last fall and benefits became effective in January 2006 to businesses on a first-come, first-served basis. The legislature allocated \$3 million for the first fiscal year of the program to allow for ramp up time and \$10 million in the second year once the program is fully functioning.

Coverage is now a reality for thousands of previously uninsured Montanans. A Governing board authorized by H.B. 667 and appointed by Governor Schweitzer and State Auditor John Morrison has selected a carrier for the purchasing pool, Blue Cross Blue Shield of Montana, created two benefit options and created a monthly premium payment system for employers and employees in a short period of time to make coverage available to hundreds of previously uninsured Montanans.

Small businesses that meet a few minimum requirements may qualify for the program. Businesses that have between two and nine employees where no employee makes more than \$75,000 (excluding the owner) meet the initial criteria.

Insure Montana is a two sided program. Tax credits are offered to small businesses who currently offer group health insurance and premium assistance and incentive payments are offered to previously uninsured businesses through our purchasing pool. Both programs are outlined below however this manual focuses on the purchasing pool side of Insure Montana.

Additional information about the program can also be found at our website:

[www.insuremontana.org](http://www.insuremontana.org)

### **Assistance for Currently Insured Small Businesses: Refundable Tax Credits**

The tax credit side of Insure Montana provides a refundable state income tax credit to employers who currently pay some or all of the cost of group health insurance for their employees. This program also provides additional tax credits when an employer pays premiums for the employee's spouse or their dependents. Approximately 40% of Insure Montana's revenue is directed towards the tax credit portion of the program. The funds for tax credits are distributed on a first come, first served basis. Only businesses who have coverage through a fully insured health plan will qualify for this tax credit.

**Employer Qualifications:** In order to qualify for the Employer Tax Credit, the employer must meet all the following criteria:

1. The employer is currently providing group health insurance for their employees.
2. The employer has between 2-9 eligible employees.
3. The tax credit cannot be more than 50% of premiums paid.
4. No employee is paid more than \$75,000 per year (excludes owners)
5. Have no delinquent state income individual or business taxes.

**Tax Credit Amounts:** The following are the tax credits that may be claimed under Insure Montana for each eligible employee, spouse and dependents.

Tax Credit Amounts	Employee Only	Employee's Spouse	Employee's Dependents
Employer Tax Credit:	\$100/month	\$100/month	\$40/month

If the average age of the employees is 45 or older, the tax credit per employee increases to \$125.

Employers deemed eligible for a tax credit after July 1st will receive a tax credit for July through December of that year.

### **Assistance for Currently Uninsured Small Businesses: Purchasing Pool with Premium Assistance and Incentive Payments**

The purchasing pool side of the program provides a monthly premium assistance and incentive payment for both the employee and employer's portion of the health insurance premium. This assistance will pay a portion of the cost of the employee's health insurance when the employer has not offered health insurance in the past and begins to do so through the Insure Montana Purchasing Pool or a Qualified Association Plan. The Purchasing Pool carrier is Blue Cross Blue Shield of Montana, with two plans offered. 60% of the available funding is directed towards these premium assistance and incentive payments. Funds are distributed on a first come first served basis. The amount of premium assistance and incentive payments is determined based upon the Standard Healthlink Plan and calculated amounts are capped at rate tier 6 and age 54.

In order to qualify for the Purchasing Pool, the employer must meet the following criteria:

1. The employer has not provided group health insurance in the past 24 months.

2. The employer has between 2-9 eligible employees.
  - a) Eligible employees are defined as any employee who works 30 hours or more.
  - b) Work hours can be between 20-30 at the employer's discretion.
3. No employee earns over \$75,000 per year (excluding owner).
4. Have no delinquent state income individual or business taxes.

**Employer Incentive Payments:**

Employers receive a monthly premium incentive payment to help them cover their cost of the employee's premium. Employers are required to contribute 50% of the employee-only premium. Insure Montana reimburses the employer 50% of their contribution amount through a monthly incentive payment, based on the Standard Healthlink plan. This incentive amount is subject to a rate tier 6 and the maximum age of 54. Should an employer choose to contribute more than the 50% employee-only rate, the amount of incentive payment will not be increased.

This incentive payment is deposited into the employer's bank account monthly, prior to the employer's health insurance premium being due. If a bank account has not been provided, the employer will receive their incentive payment in check form.

**Employee Assistance Payments:**

Employees receive a monthly premium assistance payment to help cover the cost of their insurance premium. The amount of premium assistance is based upon the employee's contribution amount and their household income. Their contribution amount is determined as their half of the premium, plus any dependents that are being covered. Employees will receive a greater amount of assistance if they are covering dependents. This assistance amount is also based upon the Standard Healthlink Plan and subject to the cap of rate tier 6 and age 54. Employees can receive anywhere from 20%-90% assistance on their share of the premium, based upon household income. Premium assistance amounts are based on their entire household income, and are determined on a sliding scale based on federal poverty guidelines and the premium assistance schedule approved by the Insure Montana Governing Board.

All participating employees are required to submit an Employee Premium Assistance Application to Insure Montana. Assistance amounts are determined on an annual basis.

Employers are encouraged to deduct the employee's contribution amounts through paycheck withholdings. These deductions should be post-tax unless the employer has a Section 125 Plan, or Flex Plan. Premium assistance payments are not considered tax-able income and will not be reported as miscellaneous income. Employee premium assistance payments are deposited directly to the employee's bank account monthly, at the same time as the employer incentive payment is distributed. If bank account information is not available or has not been provided, the employee will receive their assistance payment in check form. Employees can choose to have their premium assistance amount go directly to their employer by signing an "Opt In" bank account form.

**Premium Assistance and Incentive Examples:**

The following examples are based on the average rate:

This is a business with 3 employees, with varying types of coverage and varying employee family income levels.

<b><i>Employee A: For employee-only coverage</i></b>
<b><i>(Annual family income \$14,355-\$19,140)</i></b>
Monthly Premium: \$346.00
Employer contribution: \$173.00
Employer Premium Incentive: \$73.00*
<b>Net Employer portion: \$100.00</b>
Employee contribution: \$173.00
Employee Premium Assistance: \$102.20*
<b>Net Employee Portion: \$70.80</b>
<b><i>Employee B: For employee + spouse coverage</i></b>
<b><i>(Annual family income \$32,075-\$38,490)</i></b>
Monthly Premium: \$692.00
Employer contribution: \$173.00
Employer Premium Incentive: \$73.00*
<b>Net Employer portion: \$100.00</b>
Employee contribution: \$519.00
Employee Premium Assistance: \$175.20*
<b>Net Employee Portion: \$343.80</b>
<b><i>Employee C: For employee + family (2 children)</i></b>
<b><i>(Annual family income \$29,025- \$38,700)</i></b>
Monthly Premium: \$899.00
Employer contribution: \$173.00
Employer Premium Incentive: \$73.00*
<b>Net Employer portion: \$100.00</b>
Employee contribution: \$726.00
Employee Premium Assistance: \$490.40*
<b>Net Employee Portion: \$235.60</b>

\*Amounts are capped at the 2007 levels.

#### **Qualified Association Plans and Premium Assistance and Incentive Payments:**

In addition to the 2 plans offered through Insure Montana, an employer can choose coverage through a qualified association health plan and receive employer premium incentive and employee premium assistance payments. An association health plan must have been approved by Insure Montana in order to qualify.

The Associated Health Plans that have been deemed eligible to participate are:

1. Montana Logging Association
2. Montana Chamber Choice
3. State Bar of Montana
4. Montana Dental Association
5. Montana Retailers Association
6. Employers Association of Western Montana
7. Montana Nonprofit Association
8. Western Association of Employers
9. Western Petroleum

In order to receive premium assistance and incentive payments through a qualified association plan, the group would need to have been deemed eligible for participation in the Insure Montana program. Premium assistance and incentive payments are based upon the Insure Montana Standard Healthlink and will be adjusted for an association based upon the plan and benefits chosen. Premium assistance and incentive payments will be less through an association plan than the Insure Montana plans. Quotes for QAP plans can be requested at the same time as the Insure Montana quote however it will take longer for the Insure Montana staff to calculate a QAP quote than the Insure Montana quote.

#### **Plans Offered Through Insure Montana:**

Two benefit plans are currently offered through Insure Montana. These plans have been designed according to the Insure Montana Governing Board's recommendations. Both plans are offered in a Healthlink version and Traditional version. This is an overview of benefits offered by each plan. For additional coverage information please contact Blue Cross Blue Shield.

##### **Standard Plan (Healthlink or Traditional)**

###### ■ Standard Healthlink

- ☐ \$1500/\$3000 deductible
- ☐ 60/40% co-pay
- ☐ Preventative services covered at 60/40%- no deductible
- ☐ 2 professional office visits per year covered at 100%
- ☐ Dental plan included (not optional)
- ☐ \$200 Prescription deductible

##### **Premier Plan (Healthlink or Traditional)**

###### ■ Premier Healthlink

- ☐ \$750/\$1500 deductible
- ☐ 75/25% co-pay
- ☐ Preventative services covered at 75/25%- no deductible
- ☐ 2 professional office visits per year covered at 100%
- ☐ Dental plan included (not optional)
- ☐ \$100 Prescription deductible

Both plans include dental coverage as well. Dental is not an optional coverage and is already included in the rates.

Dental coverage:

■ Outline of Coverage

- ☐ Exam and Cleaning: 2 per benefit period, paid at 100% (No deductible)
- ☐ Full mouth x-ray: 1 per benefit period
- ☐ Supplementary bitewing: 1 set per benefit period
- ☐ Fillings/Oral Surgery: Paid at 80% up to plan maximum of \$1000 per benefit period

**Enrollment Process for Insure Montana**

Enrollment in the Insure Montana purchasing pool program occurs in a few steps due to the availability of funds for premium assistance and incentive payments. Initially a business needs to apply for the program through an Employer Application. This application determines the group's eligibility. The group is notified of their eligibility via mail and is mailed an enrollment packet if there are available funds, or if funding is not available for the group, is placed on a waiting list. A group will receive an enrollment packet once it is determined that there is funding available for premium assistance and incentive payments.

Groups that have applied for Insure Montana and have been deemed eligible cannot receive a quote until they have received an enrollment packet.

The enrollment packet includes: Health statements, employer group roster, an election form and premium assistance applications. All of this paperwork must be completed within 30 days of receiving the packet unless an extension by the Insure Montana staff has been granted. Premium assistance applications need to be mailed directly to Insure Montana while all the other paperwork needs to be submitted to BCBS.

Any paperwork that is submitted and is incomplete will delay the enrollment process.

Groups are encouraged to contact a producer in their area to assist them with this paperwork. If a group submits the paperwork themselves and does not indicate they are working with an agent, one will be assigned to them by BCBS.

Once all of the enrollment paperwork is submitted, BCBS will quote the group and send both Insure Montana and the producer the group's rate. Insure Montana will quote the premium assistance and incentive amounts and send the quote sheet to the assigned agent.

The producer then contacts the group and reviews the quote. Both BCBS and IM should be notified of the group's final decision. Coverage for Insure Montana begins the 1st of every month. In addition, all IM policies renew January 1 of every year, so for some groups, this may not be a 12 month rate guarantee the first year of coverage.

Once a group accepts coverage, their first premium assistance and incentive payments are coordinated with the mailing of their 1st bill by BCBS. Groups should not be mailing in their insurance payment until they receive their initial bill.

**Changes to Policies:**

Once a group is enrolled and has changes to the policy, the group has 30 days to notify **BOTH Insure Montana and BCBS** of the change. Groups are encouraged to contact their agent directly to make the adjustment so the agent can ensure both IM and BCBS are aware of the change.

Groups need to fill out a "Policy Change Sheet" for Insure Montana. If adding an individual, a completed premium assistance application must be returned to IM before they can be added to the policy. A new quote which reflects the change will be sent to the agent.

It is important that all changes are reported in a timely fashion to ensure proper premium assistance and incentive payments. Any overpayment in premium assistance or incentive payment will be the responsibility of the individual or business to pay back to Insure Montana. The individual or group will have 30 days to reimburse IM. If this payment is not returned to IM, IM will take additional measures, including the use of a collection company, to return funds.

#### **Renewals:**

All IM policies renew on the 1st of January of every year. The renewal process for Insure Montana enrollees occurs in two steps, (1) to reenroll for premium assistance and incentive payments and (2) the renewal of their health policy through BCBS.

The Insure Montana renewal is to determine continued eligibility and participation in receiving premium assistance and incentive payments for the upcoming year. All currently enrolled groups will receive a renewal form directly from IM in September. This renewal application is similar to the initial Employer Application the group filled out to participate in the program. The business **MUST** return this application between **October 1-31** in order to remain enrolled with premium assistance and incentive payments for the new year. If this renewal application is not returned, premium assistance and incentive payments will stop effective January 1. The group would then need to reapply for the program.

The renewal of the group's health insurance coverage will occur through BCBS. They will be mailing producers all of the group's policy renewal information. This will occur in November of every year. The open enrollment period for the Insure Montana participants will be December 1-31. All questions regarding the policy renewal should be directed to your contact at BCBS. All changes that occur during this open enrollment period must be communicated to IM as well as BCBS.

#### **Producer Agreement:**

Producers must be appointed by Blue Cross Blue Shield of Montana and will receive a 5.5% commission on Insure Montana groups. Insure Montana requests that all producers who wish to sell the Insure Montana products are knowledgeable about the program, as it is different than other products offered through BCBS. IM requires all producers to submit a Producer Agreement regarding Insure Montana.

By signing this agreement, a producer agrees to perform the following services for Insure Montana clients:

1. I will read the Insure Montana Producer's Manual and all the IM bulletins that may be released throughout the year;
2. I will attend at least one (1) IM training session per year;
3. I have access to email and will read IM electronic communications;
4. I will work with IM staff during the quoting process, in order to ensure that all required documents are completed by the employer and their employees;
5. I will facilitate one (1) follow up contact per participating employer per year in addition to the initial and renewal contracts;
6. I will attend the BCBS "rep trainings" as provided;

7. For those participating employers, I will first quote the IM products before any other association plan.

By signing this agreement, each producer will be listed as an approved Insure Montana agent when IM mails enrollment information to groups. These producers will also be in the rotation to be assigned groups in their area for businesses who have not yet contacted a producer for assistance.

Insure Montana expects producers to contact the group at least once throughout the year to check in on the group and make sure the program is working smoothly for them. This is in addition to contact when a group first enrolls and when the group renews.

**Funding and Waiting Lists:**

As the Insure Montana program is funded through cigarette tax revenue and is determined by the legislature, only a certain number of small businesses will be able to participate in the Insure Montana purchasing pool. Funding and sustainability is determined on a bi-annual basis. Enrollment is open and ongoing depending upon fund availability. Unfortunately, Insure Montana will not be able to serve all of the businesses who have applied for the program. If a group has been deemed eligible for the program but cannot participate due to a lack of funding, the group will be placed on a waiting list. This waiting list would continue until there are additional funds. Additional enrollment paperwork cannot be mailed out to a group unless another group drops coverage and a slot opens for them. The waiting period could be for an extended period of time. Groups are enrolled on a first come first served basis.

**Additional Information:**

The most current information available regarding Insure Montana is available at the Insure Montana website: [www.insuremontana.org](http://www.insuremontana.org)  
Please check the "Producers" tab for updates

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